



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 23, 2009

H.R. 1575 **End Government Reimbursement of** **Excessive Executive Disbursements (End GREED) Act**

As ordered reported by the House Committee on the Judiciary on March 18, 2009

H.R. 1575 would invoke the bankruptcy power of the U.S. Constitution to authorize the U.S. Attorney General (AG), after consultation with the Secretary of the Treasury, to recoup existing, and limit future, payments for employment compensation made by companies that have received federal financial assistance since September 2008. The bill would apply to those companies that received a loan, line of credit, payment made in exchange for stock purchases, or some combination of assistance that exceeds a total of \$10 billion.

Specifically, the bill would allow the AG to commence a civil action under certain circumstances to recover any payment made by a company to an employee on or after September 1, 2008, if such employee received an amount that was unreasonably greater than the value received by the company. Such recoveries would be returned to the company. The AG could also commence a civil action to limit the amount of the compensation paid or payable under an employment contract to a company's employees on or after the date of enactment, if such compensation exceeds a certain amount. That amount would be greater than 10 times the average amount of compensation paid or payable to such company's nonmanagement employees during a calendar year.

Any costs to pursue such cases would be subject to the availability of appropriated funds. Because CBO expects few cases would be pursued under the bill, any associated costs would be negligible.

H.R. 1575 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

H.R. 1575 would impose a private-sector mandate, as defined in UMRA, to the extent that it would require individuals to pay back certain compensation received from companies that accepted \$10 billion or more in financial assistance from the federal

government on or after September 1, 2008. The costs of complying with that mandate would be the lost compensation, plus court costs and attorney fees. Because those costs, if any, would depend on future court decisions and settlements, CBO cannot determine whether they would exceed the annual threshold established in UMRA for private-sector mandates (\$139 million in 2009, adjusted annually for inflation).

The CBO staff contacts for this estimate are Leigh Angres (for federal costs) and Paige Piper/Bach (for the private-sector impact). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.